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STATE FOR SCA/CEN. EEB
DOE FOR EKIMOFF
COMMERCE FOR HUEPER

E.O. 12958: DECL: 04/15/2018
TAGS: [PGOV](#) [PREL](#) [EPET](#) [KZ](#)
SUBJECT: TURMOIL AT KMG - FIRST VP IDENOV MAY BE OUT THE
DOOR

Classified By: AMBASSADOR ORDWAY FOR REASONS 1.4(B) AND (D)

¶1. (C) KazMunaiGas (KMG) First Vice President Maksat Idenov called the Ambassador from Dubai on April 14 and told him that he is on the verge of leaving KMG. According to Idenov, KMG President Uzakbay Karabalin met earlier that day with President Nazarbayev to complain about Idenov's activities at KMG. Karabalin criticized Idenov's efforts to restructure KMG, saying that they were unacceptable, demoralizing, and not in accordance with "Kazakh traditions and culture". Karabalin also blamed Idenov for problems with the Kashagan Memorandum of Understanding. Idenov said that Karabalin had ordered him to write a letter admitting his mistakes.

¶2. (C) Idenov noted that in reforming KMG he was acting at the instructions of Prime Minister Masimov. (Note: Karabalin's attack on Idenov came as Masimov was returning from China). He told the Ambassador that Karabalin and Askar Balzhanov, Director General of KMG Exploration and Production, had planted a story in the media accusing Idenov of corruption. After indicating earlier in their conversation that he was considering resigning, Idenov concluded by saying "I am going to resign anyway." (Note: Idenov later called Coordinator for Eurasian Energy Policy Steve Mann and told him that he would return to Astana on Wednesday to submit his resignation. He said that Samruk Chairman Sir Richard Evans asked him not to resign. Idenov also discussed at further length Karabalin's motivations, saying that he is trying to get his own people in to the new Kashagan operational structure in order to gain access to the procurement and supply chain. Karabalin is also seeking to chair the Kashagan management committee, which Idenov currently chairs.)

¶3. (U) On April 15, one media source, RusEnergy, reported that Idenov had already resigned, citing a source close to Agip KCO. According to the source, Idenov wrote in his resignation letter that he is leaving KMG because of disagreements with the GOK over Kashagan, in particular the heavy demands placed on the project's operator.

¶4. (C) Comment: The cocksure Idenov may rub some the wrong way but he is also a bright light in Kazakhstan's energy sector. His resignation would be a significant loss for KMG and a sign that entrenched interests are hesitant to accept his serious efforts to reform the company. Only last week, a representative from ExxonMobil told Poloff that she had recently attended a presentation by Idenov on restructuring and that she was extremely impressed with Idenov's vision for KMG. End Comment

